

Message Text

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PAGE 01 LONDON 03653 101848Z

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TAGS: ECON, UK

SUBJECT: EC REFERENDUM; OPINION IN THE NORTH OF ENGLAND

BEGIN SUMMARY: INDUSTRIALISTS AND CIVIL SERVANTS CONNECTED WITH INDUSTRIAL DEVELOPMENT IN THE NORTH OF ENGLAND BELIEVE THAT UK WITHDRAWAL FROM THE EC WOULD BRING SERIOUS HARM TO THE BRITISH ECONOMY. MANY OF THE INDUSTRIES IN THE NORTH CONCENTRATE ON EXPORTS, AND IN THE NORTHEAST IN PARTICULAR, MANY US AND OTHER FOREIGN FIRMS HAVE ESTABLISHED OPERATIONS WITH THE IDEA OF SERVING EUROPE. YET THOSE NORTHERNERS WITH WHOM THE EMBASSY HAS DISCUSSED THE EC REFERENDUM UNANIMOUSLY BELIEVE THAT THE VOTERS OF THE NORTH WILL VOTE TO WITHDRAW FROM THE COMMUNITY.END SUMMARY

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PAGE 02 LONDON 03653 101848Z

1. IN RECENT CONVERSATIONS IN MANCHESTER, NEWCASTLE-UPON-

TYNE, AND THE TEESIDE, WITH INDUSTRIALISTS AND GOVERNMENT OFFICIALS INVOLVED DIRECTLY IN INDUSTRIAL DEVELOPMENT, ALL HAVE EXPRESSED THE OPINION THAT WITHDRAWAL FROM THE EC WOULD BE DELETERIOUS TO THE ECONOMY OF THEIR REGIONS. MANY OF THE INDUSTRIES IN BOTH THE NORTHWEST (MANCHESTER) AND THE NORTHEAST (NEWCASTLE AND TEESIDE) ARE HEAVILY EXPORT ORIENTED. IN BOTH REGIONS THE HEAVY ENGINEERING INDUSTRY IS A MAJOR PART OF THE ECONOMY, AND NEITHER REGION HAS A VERY LARGE CONCENTRATION OF CONSUMER GOODS INDUSTRIES. IN THE MANCHESTER REGION ELECTRONICS ARE ALSO A GROWING FACTOR. THE NORTHEAST HISTORICALLY IS ALSO HEAVILY DEPENDENT ON SHIPBUILDING AND STEEL. MOREOVER, THE NORTHEAST, IN PARTICULAR, HAS BEEN THE REGION IN WHICH MANY FOREIGN FIRMS, ESPECIALLY US, BUT ALSO JAPANESE, HAVE LOCATED PLANTS WITH A VIEW TO SERVING THE EC MARKETS. INDUSTRIES IN BOTH REGIONS ARE HEAVY EXPORTERS AND BELIEVE WITHDRAWAL FROM THE EC WOULD PROVE A HEAVY BLOW.

2. IN BOTH REGIONS UNEMPLOYMENT IS HEAVY. IN MANCHESTER, THE TEXTILE INDUSTRY, A MAJOR EMPLOYER, HAS NOW FALLEN ON ESPECIALLY HARD TIMES. THE NORTHEAST HAS BEEN A REGION OF HIGH UNEMPLOYMENT FOR AT LEAST 50 YEARS, FROM THE RUN-DOWN OF THE SHIPBUILDING AND ARMAMENTS INDUSTRY AFTER 1920. THIS HAS CONTINUED IN THE POST-WORLD WAR II ERA AS THE MINING INDUSTRY HAS BEEN RUN DOWN, EMPLOYMENT IN THE MINES DECREASING BY 75 PERCENT IN 20 YEARS.

3. DESPITE THIS ECONOMIC DEPENDENCE ON THE EC, THERE WAS TOTAL UNANIMITY AMONG THOSE NORTHERNERS WITH WHOM WE DISCUSSED THE EC REFERENDUM THAT THE VOTE IN THEIR REGIONS WILL BE TO WITHDRAW. THE INDUSTRIALISTS AND CIVIL SERVANTS IN THE NORTH (WHERE LABOR IS STRONG) BELIEVE THAT THE ANTI-MARKET BIAS IS STRONG AND THE ANTI-MARKET PROPAGANDA IS EFFECTIVE AMONG THE WORKING CLASS VOTERS. THIS IS IN CONTRAST TO THE LATEST NATIONAL OPINION POLLS WHICH SHOW THOSE IN FAVOR OF REMAINING IN THE EC IN A SLIGHT MAJORITY (SEE LONDON 3557). RICHARDSON

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